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## MODERNIZING LOCAL GOVERNMENT

WHY IT CANNOT WAIT

A DISCUSSION PAPER  
SUBMITTED BY  
GOVERNOR THOMAS L. JUDGE  
SEPTEMBER 14, 1973

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THOMAS L. JUDGE  
GOVERNOR

PREFACE

A CALL TO ACTION

During my years in public office I have issued a great many statements setting forth the problems of local government and calling for concerted action in seeking ways to strengthen local governments. At times those problems seemed insurmountable: most of them were based on constitutional limitations; some stemmed from the reluctance of local governments to assume additional responsibilities and some from the reluctance of the legislature to grant these responsibilities.

With the adoption of the new Constitution these basic limitations no longer apply; but the work lies ahead. Montana must now launch a program which will provide a sound statutory foundation for strong and effective local governments in Montana. We cannot underestimate the magnitude of the task. It is a major undertaking. This paper, "Local Government Modernization--Why It Cannot Wait," provides an overview of the problems we face.

At the end of the paper are my recommendations. They outline a few initial steps in a process which will require the cooperation and active participation of all Montanans.

Sincerely,

  
THOMAS L. JUDGE  
Governor



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## LOCAL GOVERNMENT MODERNIZATION--WHY IT CANNOT WAIT

The modernization and strengthening of Montana's local governments, long advocated by local officials and concerned citizens, now is a mandate of the 1972 Constitution. The task is formidable. Montana provisions for local government resemble a huge old tree badly in need of care; dying branches creak in the wind, threatening the rest of the good tree, and living branches twist around each other in a maze, sapping the tree's strength.

Like the tree, Montana local government has grown over the years with no care or pruning. Outdated procedures, structures and restrictions remain in state law. At the same time, local governments are expected to deal with many serious new problems, but are not given the authority to solve them or the financial resources to pay the costs. In short, the dead branches remain on the local government tree, and the root system and trunk are inadequate to support the new branches.

In fact, the basic structure and authority of local government remain much as they were 50 years ago. But other factors have changed dramatically in the last 50 years, as is shown by population shifts.

### Problems of Growth..and Decline

Consider Montana's 56 counties. Some are growing rapidly and are being engulfed by problems of urbanization. From 1960 to 1970 four Montana counties increased in population by more than 20 per cent (Jefferson, Lincoln, Gallatin and Missoula). Eight others showed an increase of from 10 to 20 per cent (Powder River, Beaverhead, Ravalli, Lake, Lewis and Clark, Flathead, Cascade and Yellowstone).

But the problems of rapid urbanization, which receive much lip-service in Montana and the nation, are only part of the changing picture of Montana counties. Most Montana counties, 41 of the 56, are losing population. Eight of them lost more than 20 per cent of their population from 1960 to 1970 (Petroleum, Golden Valley, Treasure, Prairie, Carter, Musselshell, Toole and Valley). In fact, 22 of the 56 counties had less population in 1970 than they did in 1930.

The "two-way squeeze" of population changes also has affected Montana municipalities. Generally, Montana's larger cities continue to grow, led by Bozeman with a 1960-70 growth rate of 39.7 per cent. Six of the eight cities with populations of more than 10,000 continued to grow from 1960 to 1970.



These were the exceptions, however, for most Montana cities and towns were declining in population. Of the 126 incorporated municipalities, only 37 had a greater population in 1970 than in 1960. Surprisingly, the population of Montana's incorporated cities and towns grew less than 2 per cent from 1960 to 1970, even less than the statewide growth rate of 2.9 per cent. The reason is simple: much of the state's growth is in areas outside of, but adjacent to, incorporated cities and towns. The 1970 census listed nine unincorporated places with more than 1,000 population each. The 1971 Commercial Atlas & Marketing Guide lists 11 such places. Missoula County presents the leading example: 1970 census figures show the county's urban population increased 40.8 per cent since 1960, yet the City of Missoula increased by only 8.9 per cent. In other words, some of the most rapidly growing urban areas in Montana have no urban government. And since the power of county governments in Montana to offer "urban" services is feeble, at best, these areas are becoming a governmental "no man's land."

#### Problems of Ineffective Law

Present state laws handle ineffectively, if at all, the problems inherent in these population trends. Montana local government law provides only a crazy-quilt pattern which helps neither the rapidly growing areas nor those losing population solve their unique problems. Local government laws are conflicting and confusing; responsibility and authority to act on the local level are not pinpointed.

In some instances, local government cannot act because the legislature has not given them the needed authorization; in other instances, legislative authorization has been coupled with so many restrictions that local solutions to local problems are impossible; and in too many cases, garbled and conflicting state authorizations leave local government officials confused and hesitant, unable to even tackle the problem.

There is wide spread agreement that modernization of Montana local government laws is necessary. Such a modernization of the state executive branch is now complete, and Montanans are reaping solid benefits in terms of economy, efficiency and responsiveness. A similar updating of the state legislative branch was made possible by Montana's new Constitution. Both of these experiences underline a crucial principle: action designed to improve an entire level of government should be broad-based, not piecemeal.

Thus, the modernization of the executive branch considered all executive departments, not just a few; the modernization of the legislative branch included improvements in almost all phases of the legislature, ranging from frequency of sessions to legislative powers.

The same approach should be taken for local government. A piecemeal approach toward making Montana local government more





responsive and efficient simply will not work. Local government structure cannot be considered apart from local government power. Local government power cannot be considered apart from local government taxation. Questions regarding annexation, urban services for unincorporated areas and more equitable local taxation cannot be isolated. The functions to be assigned to county governments and those to be given to cities and towns must be delineated. All of these problems must be considered as a package. The goal should be to allow local units to plan and execute programs suited to their particular needs and the desires of local citizens.

A broad-based modernization is desirable now, simply because Montanans no longer should tolerate the existing confusion and restrictions imposed on local government by state law. But from another standpoint, action now is mandatory.

It is mandatory because Montana's new Constitution requires both state and local action aimed at modernizing local government. Most significantly, the new Constitution requires that by the end of 1976, voters in each county, city and town in the state must review their local government structure and vote on an alternative to that structure. The legislature must provide a procedure for this voter review of local government. Thus, the new Constitution provides Montanans with a once-in-a-lifetime opportunity to improve their local governments. The state government must provide broad leadership in this effort so that local governments will have the tools to participate effectively in the modernization process.

Leadership in establishing laws for modernizing local governments clearly is the obligation of state government. Under the American federal system, each state establishes the allocation of responsibilities between itself and its local government units. States, through constitutional or statutory provisions, prescribe state or local responsibilities for providing services, establish local government structure and determine which financial and other powers the local units may exercise. In addition, state governments furnish technical and financial assistance to help the local units perform their assigned functions.

In short, state responsibility for the quality of local government is direct and inescapable. Montana's new Constitution changes some details of this state-local relationship, but it does not free the state of its obligation to local governments. Under the new Constitution, the state legislature has the authority to:

- Provide optional forms of government for counties and cities.
- Provide statutory security for local governments under the "Dillon Rule," self governing charters and optional forms.
- Provide statutory procedures for voter review of government.
- Provide statutory authority for counties to exercise legislative powers.
- Provide procedures for incorporation, classifying, consolidating, and dissolving units of local government and altering their boundaries.



The one alternative form of county government authorized by the legislature before 1973 was the county manager form. Only Petroleum County has adopted this alternative, which provides for the election of three county commissioners who appoint a county manager. The county manager then hires and supervises the other county officers.

Operating under the 1889 Constitution, the legislature authorized three forms of municipal government. The Mayor-Council form, used by 123 of the state's 126 cities and towns, has an elected mayor, an elected council of from two to 20 members and a treasurer and a police judge, who are either elected or appointed, depending upon the municipality's population. The mayor appoints other city officials.

Three Montana cities (Bozeman, Helena and Great Falls) now operate under a second form of city government authorized by the legislature. Under this city manager form, voters elect a commission of three or five members; the commissioners hire a city manager and appoint several other officials. Most officials, however, are appointed by the manager.

A third form of city government authorized by the legislature, the commission form, is not now in use in Montana, although at least two cities (Helena and Missoula) have used it in the past. Under the commission form, three or five commissioners are elected. The commissioners serve as the policymaking body (assuming the functions of the city council) and also as the administrative head of the government (the role played by the mayor or manager in the other forms).

The legislature in 1923 provided a combined form of city-county government. Under the city-county consolidation law separate city and county governments in an area would combine and be headed by an elected board of three to seven commissioners, who would appoint several other officials including a county manager. The manager would be responsible for day-to-day operations of the consolidated government and would appoint most city-county officials.

Thus, prior to 1973, only two forms of county government, three forms of city government and one form of consolidated government were available to local residents, despite the fact that local problems varied with each of the 56 counties and 126 municipalities. The 1973 Legislature broadened this choice somewhat by authorizing new county executive and commissioner forms of county government and by reworking the two forms previously offered. The new county executive form calls for three or five elected commissioners and an elected county executive. The executive, whose position would be similar to that of a city mayor, would appoint other county officials with the commissioner's approval. Under the commissioner form authorized in 1973, three or five commissioners would be elected. They would then appoint all other county officials.

The 1973 Legislature also authorized a new variation of the mayor-council form of municipal government. Called the "strong mayor form," this variation would give the mayor more authority over municipal affairs than he has in the traditional Montana mayor-council form of municipal government.



Despite the commendable action by the 1973 Legislature in expanding forms of government available to Montana counties, cities and towns, more work is required. Some of the alternative forms are obscured by legal cobwebs; unclear wording, even in some of the new forms authorized in 1973, will make local residents wary of adopting the alternatives. Still more alternatives should be provided. Some areas in the state might be interested in city-county consolidation, for example, but may not want the one form of city-county consolidation now authorized by state law. Other areas might want a streamlined form of county government with only the commissioners, sheriff and county attorney elected. Greater flexibility in the alternative forms could allow amendments locally to meet local desires.

It must be stressed that all the local government structures discussed thus far have one thing in common: they are spelled out in state law but adopted only by local voters. The legislature should give local voters the greatest possible selection by making as many alternative forms available as possible.

The 1973 Constitution directs the legislature to provide, by July 1, 1975, a procedure by which city or county residents may design their own forms of local government. Such "charter-writing power" has been granted to local citizens in many other states but is new to Montana. The legislature must set up rules by which local residents may frame, adopt, amend and abandon a self-government charter.

Thus, in terms of local government structure, the state must provide immediate leadership in three ways:

- (1) The legislature must provide procedures so that residents of each city, town and county may review their present structure and submit an alternative to the voters. This constitutionally mandated procedure must be completed by the end of 1976.
- (2) The legislature must authorize additional forms of local government that may be adopted by counties, cities and towns and it should update the forms that have been authorized in the past.
- (3) The legislature must provide a procedure by which local residents may design and adopt their own forms of government (local charter writing).

Legislative action is essential, but the active participation of local government officials also is crucial to the development of effective local government structure.

#### Local Government Powers:

The structure of Montana local government cannot be considered in a vacuum, however; it must be considered hand-in-hand with the powers that local governments will be allowed to exercise. The best possible government structure is meaningless if that government is prohibited by state laws from dealing with legitimate local needs





and problems. On the other hand, power could be abused by poorly structured, unrepresentative forms of local government.

Once again, the rapid change in the services required of local government and the requirements of Montana's new Constitution demand a broad revision of the power of local government. Under the 1889 Constitution, Montana cities, towns and counties could exercise only those powers expressly granted or directly implied by the Constitution or the legislature. More simply stated, Montana local governments could do only what the legislature specifically told them they could do.

Known as the "Dillon Rule," this power relationship between the state and its cities, towns and counties creates problems on both the local and state levels. On the one hand, local governments often lack legislative authorization to solve local problems; by the time they receive authorization, the problems may be unsolvable. On the other hand, the state legislature finds itself deluged by requests to solve problems that are basically local problems.

The "Dillon Rule" application has been particularly troublesome for Montana counties. Municipalities, under the 1889 Constitution, have the power of local legislation; that is, once the legislature authorizes a city to exercise general power in a certain area, the city council can adopt local laws or ordinances spelling out precisely the manner in which the power is exercised. In short, cities often have some latitude in exercising powers authorized by the legislature.

But the Montana Supreme Court has held that counties do not have legislative powers--that is, they cannot make local laws. Thus, in the past, the legislature not only has determined in which areas counties are authorized to act but also has been required to spell out in detail the manner in which they could act.

The new Constitution retains the "Dillon Rule" principle, but attempts to soften its impact. For example, it specifies that the powers of municipalities and counties are to be "liberally construed." Most significantly, it specifically allows the legislature to grant local legislative powers to counties as well as municipalities.

This means that the state must determine in what areas counties should be allowed to adopt local laws. And in the process it would be an opportune time for the state to completely review all its local government laws. Many statutory restrictions on local government should be removed; perhaps some new ones should be added. If nothing else, the hundreds of pages of laws concerning local government, now sprinkled throughout several volumes of the Revised Codes, should be reorganized. The present local government code is confusing, conflicting and unnecessarily detailed; it thwarts effective, efficient local government and encourages buck-passing.





But an even greater task of revising local government codes faces state government. The new Constitution actually provides for a two-level system of local government powers. The first level is built around the "Dillon Rule" as described above. It requires the legislature, as it has in the past, to specify certain powers that may be exercised on the local level. Most local governments in Montana probably will continue to operate under this level of powers.

But some local units may wish to progress to what the Constitution calls "self-government powers." The Constitution provides that any county or municipality adopting a self-government charter may exercise all powers not prohibited by the Constitution, state law or local charter. These self-government powers also may be extended to local government units as part of the alternative forms of government provided by the legislature.

In other words, a local government adopting self-government powers (or "home rule" powers, as they are called elsewhere in the nation) no longer would require legislative authorization to act. The "Dillon Rule" would be reversed; instead of waiting for legislative authorization to act, a self-government city or county could do anything not prohibited by the legislature, the Constitution or its local charter.

Presumably the legislature will decide to prohibit self-government units from exercising certain powers. For example, it might prohibit such units from levying income taxes, from making certain crimes felonies or from passing local "right-to-work" laws. The legislature also may require self-governing units to follow procedures (such as financial reporting procedures) designed by the state.

The point is this: Self-government powers are new to Montana; the Constitution requires that they be implemented, and implementation of them without thoughtful study would result in chaos on the local level and critical conflicts in state-local relationship.

What is necessary is a two-pronged program of state action in terms of local government power:

- (1) The present local government laws should be recodified and updated to clearly and simply state what powers the state will grant to local government units operating under the "Dillon Rule." Specifically, the legislature must define those areas in which it will allow counties to exercise legislative powers.
- (2) A second local government code should be drawn up for those cities and counties adopting self-government powers. Unlike the present local government code, this one will not grant power to local government. Rather, it will prohibit self-governing units from exercising certain powers.



## Services and Functions:

Closely related to the question of local government powers are those which examine the questions of what services local governments should provide and which local units should provide them. Citizen satisfaction which local government ultimately rests on the quality, quantity and economy of services provided. Yet Montana cities, towns and counties are not authorized to provide some much-needed services and do not have the financial resources to properly provide many others. In numerous cases, services that could be rendered more economically and efficiently on a countywide basis are allowed only on a citywide basis; in other instances, services now provided by counties perhaps could more reasonably be provided on a state or district level; and perhaps some services now provided by state government should be transferred to local units, thus bringing them closer to the people.

At present, local units often serve as administrative agents of the state in performing services. For example, county governments have a major role in running state and national elections. In other instances, local units provide for strictly local needs, such as fire protection, parks and recreation, water supply and sewage disposal. Supplying both types of services is complicated by the diversity of Montana local governments. Some Montana local government areas find their sparse populations decreasing rapidly, resulting in steeply increasing per capita costs of government. Others are undergoing rapid development with great demands for urban services in previously rural areas. New methods must be devised to provide efficient and economical services to both types of areas without sacrificing local voter control over these services.

State-level action is essential in four major areas:

- (1) The state, for the first time in its history, must determine specifically what services are now being provided by federal, state, county, city and town and special district governments, as well as those provided through quasi-official groups supported by government grants or contracts.
- (2) These services must be studied in terms of what additional services should be authorized and which levels of government should provide those services. At what level should welfare programs be provided? Should federal, state, county and city and town governments have separate responsibilities for road programs? Who should be responsible for planning and zoning? These are but a few examples of questions that must be considered.
- (3) The services also must be studied in terms of improving the mechanisms for providing them. In some instances, cumbersome mechanisms required by state law may make the delivery of local services impossible, and frequently new techniques have not been considered.



- (4) Ways in which governments may cooperate in providing services must be expanded and such cooperation must be encouraged. Included in this study should be joint action, interlocal agreements, sale of services, transfer of functions and use of the proposed multi-county district organizations. The 1972 Constitution opens the door wide for such cooperation by authorizing local units to cooperate in virtually any way unless prohibited from doing so by the state.

#### Local Government Finance:

There is no question that every man and woman in Montana is concerned about the growing burden of property taxes, but they have also been concerned about air pollution and water pollution control, police and fire protection and other services which result in increased expenditures by local governments.

Aware and informed taxpayers expect and deserve high quality and efficient governmental performance. Both state and local governments must make tax dollars work harder. Executive reorganization of state government has permitted state tax dollars to be spent more effectively and local government reform will improve the utilization of local tax dollars. But just as important, we must determine whether the property tax should continue to be virtually the only source of tax revenue for local governments or should it be supplemented by other sources of state or local revenue.

The 1960's saw the widespread acceptance in other states, of the principle that the state should assume a larger proportion of the costs of schools and local governments. This trend was in response to the sharply rising property tax and was an attempt to make state and local tax systems more progressive by reducing their dependence on the property tax. Nationally, in 1961, property taxes accounted for 46 percent of all state and local tax collections, but in 1973, they accounted for only 38 percent--a drop of 8 percentage points in 12 years. In Montana the 1973 property taxes still amounted to over 51 percent of all state and local taxes.

As with other authority, under the 1889 Constitution, local governments in Montana possessed only that authority to tax which was granted to them by the legislature. Under the 1972 Constitution, local governments retaining granted powers will still have only that authority to tax which is granted to them by the legislature, while local governments adopting a self governing form, acquiring shared or residual powers will have all taxing authority not denied them by state law. The state will need to devise a coordinated tax structure for all local governments, including those with granted powers and those with shared or residual powers.

Since the state creates local governments and determines their share of the governing role, it is the state's responsibility to match local government's financial resources to their legal responsibilities. It is also the state's responsibility to coordinate local taxation with state tax policy.





Local government expenditures in Montana are increasing rapidly, as they are nationally. In fiscal 1971, the direct general expenditures of local government--minus education--was \$100.8 million. Under present laws, such increases in local government expenditures result in increased property taxes. The principal, and in some cases the only, taxing authority which Montana local governments have is that of taxing real and personal property. Thus the property tax is of crucial significance to local governments in Montana. At the local level, property taxes supply about 95 percent of total tax revenues and about 61 percent of total government revenues--well above the United States average of 42.5 percent. The extraordinary importance of the property tax to local governments in Montana is traceable to the limited state financial aid programs for local governments and lack of authority to use significant non-property tax such as a local income tax. In fiscal 1971, state aid to local government in Montana accounted for only 20.5 percent of total local government revenues, up from 16.3 percent in 1962 and 15.8 percent in 1942.

In some states, state financial aid is an important source of revenue for local governments. In Montana, except for schools, this not the case. In 1970 only four states reported a ratio between state aid and locally collected general revenue lower than Montana's. Likewise, in only five states was the per capita amount of state aid to local governments lower than in Montana. The per capita amount in Montana was \$81.72 (\$68.67 for schools, \$13.05 for cities and counties), as compared with \$142.7 nationally and in excess of \$200 in the four highest states.

Another important source of local government revenue in some states is a local income tax. Local income taxes are used in at least nine states and four states authorize local payroll taxes. In Montana less than three percent of the revenues of local governments comes from nonproperty taxes, the national average is almost twelve percent. The business license taxes are the principal source of nonproperty tax revenue in Montana for both municipalities and counties.

The most important decisions to be made about local government finances involve the property tax--what role should it play in financing local government--should it continue to be virtually the only source of tax revenue for local governments--should it be supplemented with other sources of state or local revenue--how can the administration and equity of the property tax be improved and its regressivity reduced.

The 1889 Constitution limited the state's ability to provide state financial aid to local governments. The new Constitution does not prohibit such aid and careful consideration of the alternative of increased state financial aid to local governments to reduce their dependence on the property tax is now appropriate. Another alternative--authorizing local governments to levy an income tax should also be considered.

The state's assumption of the responsibility for the assessment and equalization of property should improve the equity of the property tax, but there is also a need to consider further reforms in the administration of the property tax, the appeals procedures and the tax base.





Clearly it is time for the state to carefully review and reform local government finance with the goal of matching local government financial resources with local government legal authority. Only the state has the legal authority and financial resources to initiate reform of local government finance.

Reform of local government finance is as important as the reform of local government structure, powers and services and must be closely coordinated with such reforms. The financial needs of local government are determined by the services they are required or permitted to provide and the amount of fiscal independence they should be given depends on the responsiveness and effectiveness of their governmental structure. Finally, the new concept of self-governing powers for local units can be effective only if those units are given the financial resources as well as legal authority to solve local problems.

The state needs to carefully consider each of the following types of local government financial reform in relation to other reforms of local government structure, powers, and services:

1. Reforms of the property tax:

- a. Reform of the administration of the property tax, including assessment, equalization and appeal procedures. Reforms will improve efficiency and remove procedural inconsistencies that lead to inequities.
- b. Reform of the property tax base, i.e. the types of property--real and personal, tangible and intangible--that are subject to the general property tax. For example, removal of household personal property and solvent credits from the property tax base.
- c. Reforms in the incidence of the property tax, such as reforms intended to improve the equity or reduce the regressivity of the property tax. Specific tax relief for the poor, the elderly, homeowners, renters; relating the property tax to personal income and providing a tax credit against the state income tax might be considered.
- d. Reforms in the application of the the property tax to encourage the improvement of property and proper land use. For example, shifting the burden of property tax from building improvements to the land itself (land or site value tax) should be considered.
- e. Increased flexibility for local governments in using the property tax. For example, authorizing a county all purpose mill levy, increasing the maximum all-purpose levy for municipalities, establishing a countywide mill levy limit for all types of property taxes, or abolishing state limits on local mill levies should be considered.



2. Reducing the proportional burden that the property tax supports in the total state-local system:
  - a. Substituting local tax sources for the property tax. For example, authorizing a local option or mandatory income tax.
  - b. Substituting state tax sources for the local property tax:
    - (1) State revenue sharing program with local governments based on fiscal need, effort, or level of services: for example, comprehensive state aid program using income tax revenue, or specific state aid for certain functions such as highway user revenue for local roads and streets. Another example would be increased state school aid which would reduce local school use of property tax dollars freeing them for counties and municipalities.
    - (2) Reforms to be reallocated among the state, counties and municipalities the legal responsibility for providing and or financing governmental services. Such reforms would attempt to make certain that local governments use property tax only for service functions that are truly local in impact. For example, state assumption of financial responsibility for welfare assistance should be considered.
3. Reform of the administration of local government finance to provide maximum use and management of revenue including reform of budgeting, accounting, auditing, investment, reporting and capital financing procedures and increased state technical assistance. For example, budget procedure could be improved by application of planning, program budgeting principals and completion of the budget prior to the beginning of the new fiscal year.
4. Reforms to remove intra-county tax and service disparities. Such disparities are caused by urban fringe growth areas and unincorporated communities that depend on counties for urban services rather than be incorporated into municipalities. Reforms could include increased annexation authority for municipalities, state supervision of municipal annexation, or authority for county special service and taxing districts.
5. Reform to equalize tax effort or the level of basic local government services among all counties. Reforms could include reallocation of responsibilities for providing services between levels of government; establishing state standards for minimum service levels and minimum financing of basic local government services including those services provided as an agent of the state and those purely local in nature; comprehensive state equalization aid for general government purposes or specific services based on tax effort, fiscal effort or need.



The State Department of Revenue has begun a study of local government finances, but additional state-level action is essential in two major areas:

- (1) There is a need to review the scope of the study of local government finances that has been started by the Department of Revenue. If additional financial and staff resources are required to complete a comprehensive review of local government finances, they should be requested from the next legislature.
- (2) The study of local government finance needs to be carefully coordinated with the comprehensive study of local government structure, powers and services.

#### State Assistance to Local Governments

In order to survive, local governments--the most important link in the chain of intergovernmental relations--must acquire adequate information and develop modern management skills. The new Montana Constitution and the "New Federalism" both emphasize increased responsibility and decision-making by local officials. New demands are heard daily for local governments to be more responsive, accountable and efficient.

But circumstances beyond their control often hamper local officials in meeting these demands. Yearly, new state laws are enacted affecting local governments, courts interpret these laws, opportunities change for federal funding and state and federal regulatory agencies take actions which make new demands of local governments. It is difficult for the state to develop a coordinated effort to see that local government officials are aware of these changes and their impact.

State government, because of its unique statewide vantage point, has the power, resources and position to coordinate state policy to enhance community and rural development. The interests of the taxpayer and the vitality of local government demand increased state leadership in encouraging and assisting local governments.

For example, the study should consider whether the state should:

- (1) Strengthen and coordinate the capabilities of state agencies to assist local governments.
- (2) Review its financial assistance to local government.
- (3) Serve as a clearinghouse for information helpful or necessary to local governments in discharging their responsibilities.



- (4) Facilitate the application of university-level resources to improve the quality of local government, provide a center for local government teaching, research and services and provide education for careers in public administration.
- (5) Assume its proper responsibility for assisting and facilitating government reform.
- (6) Encourage increased cooperation between state and local governments and between local governments themselves.

To accomplish these goals, the state should consider establishing a division of local affairs within state government. Such an agency, staffed with persons familiar with the various aspects of local government, could have several functions:

- (1) Providing information and interpretation regarding local government statutes and regulations and recommending changes in these laws.
- (2) Coordinating and encouraging training programs for local government officials.
- (3) Providing information about state and federal programs for local governments.
- (4) Serving as a clearinghouse for ideas, suggestions and comments regarding state services to local governments and oscillating the coordination of community based programs of state agencies.
- (5) Assembling uniform statistical information pertaining to local governments.
- (6) Cooperating with the Montana Association of Counties, the Montana League of Cities and Towns and the State Local Government Advisory Council to provide maximum information and assistance with minimum duplication of effort.

#### The Task Ahead:

The task outlined for research and legislative action is tremendous. It's scope parallels that of executive reorganization or constitutional revision. In a sense it is even broader for the process ultimately must involve every unit of local government in Montana.

Much of the recodification, the revision of state statutes, and the preparation of informational resource materials must be done by skilled researchers, but throughout the process the input of local government officials and concerned citizens will be essential.

This is a task for all Montanans. It cannot wait.





A final reason for not waiting to initiate local government modernization is that a very limited time frame has been imposed by the new Constitution:

---In 1974 legislation providing procedures for local government review is needed. (This could be postponed until 1975 at the latest, but local government officials are requesting that these procedures be established as soon as possible so that they might move ahead with the immense task they face.)

---Legislation establishing optional forms of government, including some which are self-governing forms, will be needed at least by 1975 if local governments are to have the information required to recommend an alternative form.

---By 1975 the Constitution also requires legislation for local government charters to be enacted.

This program of legislation requires a complete review of local government statutes to determine how powers are to be distributed to accomodate "Dillon Rule" governments and self-governing forms of government. While this might be accomplished without a complete recodification and revision of local government statutes, a "half-way" job might create more problems than it would solve.

Clearly immediate action is necessary if the required research, recodification and revision of local government laws is to be completed by the 1975 legislative session.

#### Recommendations:

The following recommendations will be submitted to state agencies and to the 1974 legislature.

- (1) An interim task force to plan for necessary legislation and to initiate preparatory research for the major task of recodification and revision will be recruited from state agencies concerned with local government. The Local Government Advisory Council, legislative committee members and organizations concerned with local government will be asked to assist or at least to consult with the task force on its program of research and legislative proposals.
- (2) A state policy delineating the state's relationship with local governments should be developed by the agencies of state government working with representatives of local government.
- (3) The legislature will be asked to establish a local government revision commission with adequate funding to provide a staff which would continue to research the issues and to prepare the necessary legislation, including the recodification and revision of local government statutes.

